



NORTH YORKSHIRE COUNTY COUNCIL

2023/24 SCHOOL FUNDING A CONSULTATION PAPER

28 September 2022

Deadline for responses: Wednesday, 9 November 2022 (5.00pm)

1 Summary

- 1.1 This consultation paper sets out the latest position from the DfE and the North Yorkshire Local Authority with regard to school funding for 2023/2024. The consultation seeks the views of primary and secondary schools and academies in order to inform the following key decisions:
- The level of the minimum funding guarantee (MFG) protection. This determines the minimum funding change that a school will receive in terms of funding per pupil between the 2022/23 financial year and the 2023/24 financial year.
 - The methodology to be used for the allocation to school budgets should there be any surplus funding available after the calculation of school budgets for 2023/24 using National Funding Formula (NFF) rates.
- 1.2 For the 2023/24 financial year, the DfE have prescribed a MFG protection rate of 3% compared to the 2021/22 funding level for special schools and academies. In this respect, no separate consultation will be undertaken with these establishments as the rate has been already determined by the DfE.
- 1.3 The DfE issued their 2023/24 funding announcement and the associated detailed funding information required to model funding formula options for the next financial year in mid July 2022. The second part of this consultation document provides an overview of both the national and local school funding position for the next financial year.
- 3.1 The DfE have announced that “overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared to the previous year, on top of the £4 billion increase in 2022-23. Funding through the schools NFF is increasing, nationally, by 1.9% overall in 2023-24, and 1.9% per pupil, compared to 2022-23.” This increase needs to be considered in the context of the significant cost pressures that schools are facing in respect of pay awards, energy costs and general inflation. The local authority, in conjunction with the Schools Forum, is lobbying DfE and MPs on the significant financial pressures facing schools and the limited Government response in terms of additional funding support provided. The local authority also continues to lobby on the issue of the overall quantum of schools and high needs funding for North Yorkshire, and the additional cost pressures associated with sparsity and rurality, especially in relation the small, rural secondary schools within the County.
- 1.5 The views of schools and academies provided through this consultation will be fed back to the Schools Forum on 17th November 2022. This consultation will begin on 28th September 2022 and will close on 9th November 2022.

2. North Yorkshire County Council 2023/24 School Funding Consultation

- 2.1 The Local Authority has undertaken extensive financial modelling on the notional NFF 2023/24 funding allocations and options for the setting of the MFG level for 2023/24. This modelling, based on the 2023/24 funding information received to date from the DfE, indicates that based on the application of the NFF factor values, and dependent on the level of MFG operated, there is a possibility of surplus funding being available for allocation to school budgets. In addition to considering the level of the MFG, the consultation also seeks the views of schools and academies on their preferred methodology to be used in the event of surplus funding

being available for allocation to school budgets. It needs to be noted, that any surplus funding available for allocation in 2023/24 cannot be guaranteed to continue for future years.

- 2.2 **Appendix 1a-b** of this document provides a schedule of the indicative implications at individual school level of the MFG protection levels of +0% and +0.5%. It needs to be noted that the modelling is based on the 2022/23 funded pupil numbers and data. The 2022-23 actual base funding levels include the supplementary grant funding and adjustments to the level of business rates funding where the funding difference is greater than £1,000 between the 2022-23 and 2023-24 financial years (2023/24 actual business rates funding will reflect 2023/24 actual charges). These adjustments ensure that a like-for-like comparison is provided between the 2022/23 funding level and the 2023-24 indicative funding level. (Schools and academies where business rates adjustments have been applied are marked * on appendix 1a).

This consultation requests schools and academies within North Yorkshire to provide their views on the following options:

1. Level of the 2023/24 Minimum Funding Guarantee (MFG)

Option	MFG %
1	0%
2	0.5%

2. The methodology to be used for the allocation to school budgets of any surplus funding available after the calculation of school budgets for 2023/24 using National Funding Formula (NFF) rates.

Option	Preferred Methodology
1	Any surplus funding distributed by Age Weighted Pupil Unit (AWPU)
2	Any surplus funding distributed by Lump Sum

The Equalities Impact Assessment related to the proposals contained within this consultation is provided in Appendix 2 to this document.

The proposals detailed above are included in the on-line response to this consultation that can be found at: <https://consult.northyorks.gov.uk/snapwebhost/s.asp?k=166427386539>

Your response needs to be submitted by: 5.00pm on Wednesday, 9th November 2022.

Sections 3 – 7 below of this document provide further detail of the DfE 2023/24 School Funding Policy developments and the associated funding implications for schools and academies within North Yorkshire for the 2023/24 financial year.

3.0 Background

- 3.1 In Autumn 2017, the Department for Education (DfE) announced national changes to the school funding formula that will eventually see all mainstream school budgets set using a national funding formula. The DfE have now stated that their expectation is to move to the

direct NFF by the 2027-28 funding year at the latest. The DfE have recently consulted on the transition to the direct NFF through the “Implementing The Direct National Funding Formula” consultation.

- 3.2** The Government announced in the Autumn 2021 Spending Review that the total core school budget would increase to £56.8 billion by 2024-25, providing a £7 billion cash increase compared to 2021-22. The 2023-24 financial year is the second year of the three-year funding settlement. The DfE have stated that “overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared to the previous year, on top of the £4 billion increase in 2022-23. Funding through the schools NFF is increasing, nationally, by 1.9% overall in 2023-24, and 1.9% per pupil, compared to 2022-23.”

4. 2023/2024 Schools Funding Policy

- 4.1** On the 19th July 2022, the DfE announced the proposed school funding arrangements for the 2023/24 financial year indicating, nationally, an overall increase of 1.9% compared to 2022/23

- 4.2** The main updates to the NFF for 2023/24 are as follows:

- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
- Additional support is directed to disadvantaged pupils, with the FSM6 and IDACI factors in the schools NFF increasing by 4.3% compared to their 2022/23 values.
- Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools’ core budgets. Appropriate adjustments have been made to NFF factor values to reflect this, adding £97, £137 and £155 to the primary, key stage 3 and key stage 4 per pupil funding factors respectively; £85 and £124 to the primary and secondary FSM6 factors; and £3,680 to the school lump sum.
- The minimum per pupil funding levels will ensure that every primary school receives at least £4,405 per pupil, and every secondary school at least £5,715 per pupil. The minimum per pupil funding levels are mandatory in 2023/2024. The funding values include £119, £155 and £173 per primary, KS3 and KS4 pupil respectively for the rolling in of the schools supplementary grant, plus a further 0.5% increase. The average amounts in respect of the supplement grant reflect the average level of funding these schools currently attract through the grant.
- Every school will be allocated at least 0.5% more pupil-led funding per pupil compared to its 2022-23 baseline (increased to take account of the rolling in of the schools supplementary grant)
- Local authorities are able to continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2023-24 must be between +0% and +0.5% (comparable values for 2022/23 were +0.5% and +2.0%)
- Following the cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to COVID-19, this data is unable to be used as part of setting a low prior

attainment factor in local funding formulae. Instead, the 2019 assessment data will be used as a proxy for assessments which would have taken place in 2020 and 2021.

- Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with school's forum approval.

4.3 The DfE have produced notional individual school allocations for 2023/24 reflecting the changes in the NFF. **It should be noted that the notional NFF allocations released in July 2022 are based on the October 2021 census. Final 2023/24 funding allocations, updated to the October 2022 census pupil number and other data changes, will not be available until December 2022.**

4.5 Further detail on the Government schools funding announcement for 2023/24 can be found at: [The national funding formulae for schools and high needs \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

5. 2023/24 North Yorkshire School Funding – Indicative Position

5.1 The provisional figures* for North Yorkshire indicate a £7.06m increase in schools funding equating to an overall cash increase of 1.74% and a 1.73% increase in funding per pupil compared to 2022/23.

(*the provisional figures are based on October 2021 pupil census data. Final funding allocations for 2023/24 will be updated for the October 2022 pupil census data)

5.2 The Government are allowing local authorities to locally set the Minimum Funding Guarantee (MFG) level between 0.% and +0.5% per pupil. This is one of the mechanisms that determine the change in per pupil funding levels that a school can experience from year to year. The level of the MFG ensures a guaranteed level of change in per pupil funding levels at individual school level when compared to the previous financial year. In this respect, a higher MFG supports those schools where the NFF provides a lower percentage increase in funding per pupil than the guaranteed minimum when compared to funding levels in the previous financial year.

5.4 Whilst the additional sparsity funding for 2022/23 is welcomed, the financial plight of small rural secondary schools in North Yorkshire continues to be very concerning. It is extremely disappointing that the DfE have not delivered any funding formula developments in the 2023-24 financial year to provide additional much needed funding for these schools. NYCC continues to rigorously lobby DfE and local MPs on this issue.

5.5 As a continued interim measure, the Schools Forum have provided approval for the LA to make an application to the ESFA to include an exceptional circumstance of up to £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable. Local authorities can only make an application for this where schools have:

- pupils in years 10 and 11
- 350 pupils or fewer
- a sparsity distance of 5 miles or more

5.6 Extensive financial modelling has been undertaken on the notional NFF 2023/24 funding allocations and options for the setting of the MFG level for 2023/24. This modelling, based on the 2023-24 funding information received to date from the DfE, indicates that in applying the NFF factor values and dependent on the level of MFG operated, there is possibility of surplus funding being available for allocation to school budgets. In the event of surplus funding being

available, consideration will need to be given as to how the funding will be distributed; possible allocation methodologies are by using Age Weighted Pupil Units (AWPU) or Lump Sum. It needs to be noted, that any surplus funding available for allocation in 2023/24 cannot be guaranteed to continue for future years.

5.7 **Appendix 1a** of this document provides a schedule of the indicative implications at individual school level of the MFG protection levels of 0% and +0.5. It needs to be noted that the modelling is based on the 2022/23 funded pupil numbers and data and the actual 2023/24 funding allocations will be based on the October 2022 pupil census information. In order to provide “like for like” comparison, the 2022/23 baseline data for individual schools includes the 2022/23 main school supplementary grant funding. For a small number of schools and academies the 2022-23 baseline funding figure has also been adjusted (+/-) where there will be an adjustment to the level of business rates funding (and associated charge) of greater than £1,000 between the 2022-23 and 2023-24 financial years; this ensures that a like-for-like comparison is provided to the 2023-24 indicative funding level. Schools and academies in this scenario are marked * on appendix 1a.

5.8 The MFG options considered are detailed in the table below:

Option	MFG %
1	0%
2	0.5%

5.9 The financial modelling undertaken identifies the following:

- i. Based on the like-for-like comparison between the 2022-23 actual funding level, including supplementary grant, and the indicative 2023-24 funding level, the levels of funding increase across schools range from 0.0% to +2.76%. There are two main reasons for this:
 - Those schools where a low level of funding increase is forecast are typically those schools that are receiving funding under the MFG or MFL and the funding increase reflects the MFG or MFL funding increase as a proportion of the school’s overall budget allocation, or schools that received MFG or MFL funding in 2022-23 and their funding baseline for the 2023-24 financial year reflects this additional funding protection thus impacting on the funding increase for 2023-24.
 - Those schools where a higher level of funding increase is forecast are typically those schools in receipt of higher levels of FMS6 and IDACI funding, thus benefiting from the higher funding increase (4.3%) to these factor elements of the NFF in 2023-24.
- ii. The number of primary schools forecast to be funded on the MFG is forecast to reduce from 66 schools in 2022-23 to 20 or 36 schools in 2023-24 (dependent on the MFG level option used) The number of secondary schools funded on the MFG is forecast to reduce from 5 schools in 2022-23 to 3 or 4 schools (dependent on MFG option used) in 2023-24.
- iii. The number of primary schools forecast to be funded on the Minimum Level of Funding is forecast to reduce from 46 schools in 2022-23 to 32 schools in 2023/24. The number of secondary schools funded on the Minimum Level of Funding is forecast to reduce from 14 schools in 2022-23 to 7 schools in 2023-24.

Schools are requested to provide their views on:

- i. **The level of MFG protection to be used for the calculation of school budgets for 2023/24: 0% or +0.5%?**
- ii. **The methodology to be used for the allocation to school budgets of any surplus funding available after the calculation of school budgets for 2023/24 using NFF rates:**
 - **Age Weighted Pupil Unit (AWPU)**
 - **Lump Sum**

5.10 The 2023/24 minimum per pupil funding level amounts of £4,405 for primary schools and £5,715 for secondary schools take precedence over the MFG calculation so irrespective of the MFG level, schools will receive at least the minimum per pupil funding level amount. (Please note the minimum per pupil funding level is not the Age Weighted Pupil Unit (AWPU) value used in the funding formula).

5.11 The Equalities Impact Assessment related to the proposals contained within this consultation is provided in **Appendix 2** to this document.

6. High Needs Funding

6.1 The High Needs Block provisional allocation for 2023-24 amounts to £74.62m for North Yorkshire; an indicative increase of £3.73m compared to the 2022-23 financial year. Whilst the increase in High Needs funding is welcome, the funding increase needs to be considered against the position of continued financial pressures on the High Needs budget, with an estimated cumulative budget deficit of £10.9m by 31st March 2023. Demand predictions for High Needs indicate that, other things being equal, the underlying financial pressure will continue to grow over the next few years.

6.2 In 2020-21, the DfE introduced the ‘safety valve’ intervention programme for those local authorities with the very highest percentage Dedicated Schools Grant (DSG) deficits, to support these authorities to address the financial deficits. This support included providing the authorities with additional funding over time to contribute to their historic deficits, contingent on delivery of the reforms. The DfE expanded the ‘safety valve’ intervention programme to other local authorities during 2021-22 and it has been extended further in 2022-23, with the programme being reshaped as “Delivering Better Value in SEND Support Programme”. The programme continues to target those local authorities with the most substantial DSG deficits, on an iterative basis. North Yorkshire has been identified as one of 55 local authorities to receive intervention through the programme in the 2022/23 financial year. The programme will see North Yorkshire receive support, in the form of project management and change management capacity to develop a three year transformational programme, with the DfE providing grants directly to North Yorkshire to enable the local authority to implement and embed reforms, with ongoing support and challenge by DfE officials.

6.3 North Yorkshire County Council is not requesting a transfer of funding from the Schools Block to the High Needs budget for the 2023/24 financial year. The local authority recognises the financial pressure within schools and therefore a transfer is not being proposed. However, the local authority will need to continue to review the situation for future financial years due the continued unfunded demand pressures and the development work undertaken through the “Delivering Better Value in SEND Support Programme”

7. Next Steps

- 7.1 The proposals detailed in section 5 above are included in the on-line response to this consultation which can be found at:
<https://consult.northyorks.gov.uk/snapwebhost/s.asp?k=166427386539>

Your response needs to be submitted by: 5.00pm on Wednesday, 9th November 2022.

- 7.2 The results of this consultation will be presented to members of the North Yorkshire Schools Forum for recommendations to be considered at its meeting on 17th November 2022. Schools will be notified of the outcome of this before the end of November. The final decision will be made by the County Council's Executive in January 2023; any decision will take into account recommendations from Schools Forum.
- 7.3 The DfE release the data needed to calculate next year's budget in mid-December. We aim to publish primary and secondary school budgets by mid-February.

Accompanying Appendices

Appendix 1a-b: Schedule of the indicative implications at individual school level of MFG protection level options

Appendix 2: Equalities Impact Assessment